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BASIS

EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET
WASHINGTON 25, D. C.

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May 30, 1961

PERSONAL

Dear Allen:

At luncheon the other day you inquired as to whether any of the new mutual security appropriation requests would be unvouchered in character and therefore available for transfer to CIA without reporting such transfer to the Congress and the GAO.

The present Mutual Security Act authorizes \$50 million to be spent by the President on an unvouchered basis. The new administration's draft bill continues this proposal.

According to the legal advice we have from the State Department, this authority of the President may be exercised only in terms of fulfilling the purposes of the Mutual Security Act. To date, therefore, each use of these funds has been supported by Presidential finding relative to the purposes of the Act. It is clear, however, that since the President's authority is unvouchered there would be no legal way of questioning the Presidential finding.

The broadest purpose in MSP is included in the Special Assistance section (400(a)), which permits the use of funds for "assistance designed to maintain or promote political or economic stability." This language is carried forth in the new bill under Support Assistance.

Sincerely yours,



Deputy Director

Honorable Allen W. Dulles
Director
Central Intelligence Agency
Washington 25, D. C.